

FY 2003 BUDGET SCHEDULE

City Council will hold six public meetings to review the budget in depth. The Budget schedule and preliminary agenda items are as follows:

Work Session #1 - Wednesday, March 20, 2002 7:30 p.m. - revenue overview, proposed FY 2003 revenue initiatives and other topics to be determined.

Public Hearing - Monday, April 8, 2002 4:30 p.m. - Proposed FY 2003 Operating Budget and FY 2003-2008 CIP.

Work Session #2 - Tuesday, April 16, 2002 7:30 p.m. - Joint work session with City Council and the School Board on the Schools' CIP and FY 2003 Operating Budget at Samuel Tucker Elementary School.

Work Session #3 - Thursday, April 18, 2002 7:30 p.m. - Budget work session on Proposed FY 2003 Operating Budget and FY 2003-2008 CIP.

Work Session #4 - Monday, April 29, 2002 7:30 p.m. - Budget work session on BFAAC Report and Preliminary Add/Delete List.

Work Session #5 - Monday, May 6, 2002 6:30 p.m. - Last budget work session for the final Add/Delete List; 7:30 p.m. - Budget Adoption.

All work sessions will be held in the Council Workroom, located on the second floor in City Hall, unless otherwise noted. The public hearing will be held in the Council Chamber, also located on the second floor in City Hall.

TAX FACTS & ASSESSED VALUES

Type	Unit	FY 02 Actual Rate	FY 03 Proposed Rate
Real Estate	\$100/AV	\$1.11	\$1.09
Personal Property for tangible personal property		\$4.75	\$4.75
Refuse Collection Disposal	Hhld	\$185	\$185

Average Residential Home Assessed Value	\$248,563
Average Residential Tax Bill CY 01	\$2,392
Average Residential Tax Bill CY 02	\$2,709

Median Assessed Value of Single-family Homes and Condominiums 2001

Assessed Value	Units	Total Value	Median Value
Less than \$100,000	8,901	\$625,963,600	\$94,400
\$100,000 - \$149,999	6,591	\$815,455,800	\$117,800
\$150,000 - \$174,999	1,991	\$309,544,200	\$152,700
\$175,000 - \$199,999	2,445	\$458,425,300	\$197,200
\$200,000 - \$249,999	4,759	\$1,062,489,200	\$219,800
\$250,000 and over	10,520	\$4,292,044,700	\$357,500

In CY 2002, the value of each one-cent on the real property tax rate is approximately \$1.59 million for a twelve month period.

CITIZEN'S GUIDE to the City of Alexandria's FY 2003 Proposed Budget

EXHIBIT NO. 4



ALEXANDRIA CITY COUNCIL
Kerry J. Donley, Mayor

William C. Cleveland, Vice Mayor
Claire M. Eberwein
William D. Euille
Redella S. Pepper
David G. Speck
Joyce Woodson

CITY MANAGER

Philip Sunderland

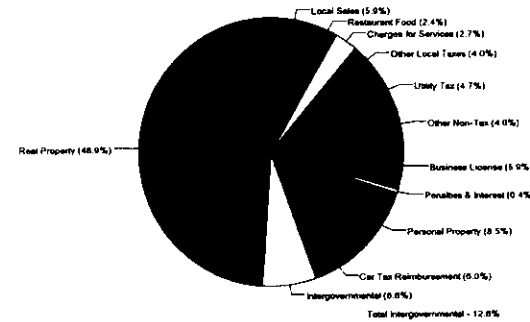
Information about the budget is available by calling the Office of Management and Budget (703/838-4780) from 8:00 A.M. to 5:00 P.M. Monday-Friday.

Reference copies of the budget are available at all Alexandria City Public Libraries. The budget document is also posted on the City's web site at <http://ci.alexandria.va.us>.

Copies of the budget are available from the City at no cost. However, inventories are limited. Please call in advance to confirm availability.

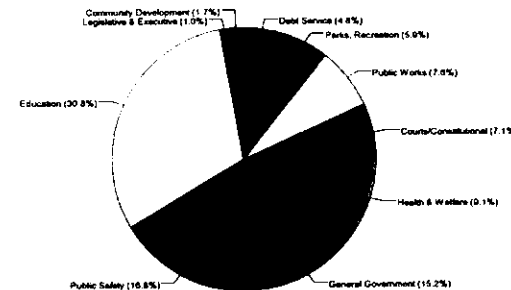
Office of Management and Budget
Alexandria City Hall
301 King Street, Room 3630
703/838-4780

FY 2003 COMBINED GENERAL FUND REVENUES WHERE IT COMES FROM...



FY 2003 General Fund Revenues \$363,537,600
Other Financing Sources 9,773,644
Total General Fund Revenues and Other Sources \$373,311,244

FY 2003 COMBINED GENERAL FUND EXPENDITURES WHERE IT GOES...



FY 2003 General Fund Expenditures \$373,311,244

NOTE: General Government category includes funding for compensation increases, which will be transferred to department and agency budgets, if approved by City Council. Funding for comparable increases for Schools' employees is included in the Education category.

EXPENDITURE SUMMARY (In Millions)

	FY 2002 Amended	FY 2003 Proposed
General Fund		
City Operating Expenditures	214.6	226.6
City Appropriation to Schools	107.3	114.9
Capital Projects/Debt Service	28.3	31.7
Total General Fund Budget	\$350.2	\$373.3
Special Revenue Fund		
Internal Service Equipment	72.7	74.4
Replacement Fund	4.1	5.4
Community Recycling		
Enterprise Fund	.7	.8
Component Unit (Schools) Fund	2.0	.6
Total Other Funds Budget	\$79.5	\$81.2
Total City and Schools Operating Budget	\$429.7	\$454.5

Major Factors Shaping the Proposed FY 2003 Operating Budget

A number of important factors shaped the proposed FY 2003 Operating Budget:

- Continuation of the City's commitment to the Alexandria City Public Schools (ACPS) and to provide substantial financial support on both the operating and capital sides of the School's budget.
- A recognition of the City's workforce and their outstanding efforts, through the maintenance of our competitive pay and benefits structures.
- The safety and security of the public, as well as the City's workforce, made all the more compelling by the events of September 11.
- The need to keep the City's Capital Improvement Program on schedule to the maximum degree possible, to continue the maintenance and improvement of our infrastructure and public buildings, and to begin addressing future capital requirements.
- Implementation of the affordable housing initiatives outlined in the recent report of the Affordable Housing Task Force and adopted by the City Council.
- The need to begin addressing changes in the delivery of services to our growing and diversifying resident population, as identified in the 2000 Census.
- The recent substantial increase in residential real estate assessments.
- Anticipated reductions in operating aid from the State on the order of at least \$1.5 million, and potentially more.
- Continued compliance with the City's Financial Policy Guidelines, in order to protect our AAA bond ratings.

COMMUNITY DEVELOPMENT & NEIGHBORHOODS

- The Office of Housing's budget provides \$300,000 which, when combined with Housing Trust Fund and federal HOME monies, creates a fund of over \$1 million to implement the affordable housing initiatives recommended by the Affordable Housing Task Force.
- The proposed FY 2003 CIP includes \$2 million to be used primarily for land acquisition as part of future redevelopment activities in Upper Potomac West.
- The proposed FY 2003 CIP includes \$1.5 million in General Fund monies for the Samuel Madden Homes (Downtown) redevelopment project.

PUBLIC SAFETY & CITY WORKFORCE COMPENSATION

The safety and security of the public, as well as the City's workforce, have been made all the more compelling by the events of September 11. The proposed budget recommends increased funding in the public safety area as well as the recognition of the City's workforce and their outstanding efforts through the maintenance of our competitive pay and benefits structures.

- To address the post September 11 need for improved security, the proposed budget provides \$93,000 to continue funding the three-person Office of Security and Intelligence within the Police Department. This office, which was initiated almost immediately after September 11, works closely with federal intelligence and other local law enforcement officials on matters related to national, regional and local security.
- The proposed Police Department Budget provides \$584,000 for nine additional police officer positions. These officers will improve significantly the department's capacity to respond to calls for service throughout the City.
- The Office of Sheriff's budget funds nine new, temporary positions to improve the perimeter security at the Public Safety Center. The City is working to obtain federal assistance to offset the \$524,000 required for these positions and other operating expenses incurred by the City as a result of the housing and trials of federal prisoners in Alexandria.
- The proposed budget recommends a 2.5% COLA, at a cost of \$3.8 million, for all City employees. Also, an additional step has been added to the City pay scale, at a cost of \$400,000, in order to remain competitive and to recognize the value of City career employees. Further, the manner in which we calculate overtime pay is proposed to be revised, at a net cost of \$215,000.

ALEXANDRIA CITY PUBLIC SCHOOLS

The Proposed Budget continues the City's strong funding commitment to education that has been established over the years.

- The FY 2003 Proposed City Operating budget appropriation to the Schools is \$114.9 million, an increase of 7.1 percent, to fully fund the School Board's Adopted Operating Budget, and to fund a 2.5 percent compensation increase for Schools employees comparable to those proposed for City employees.
- The FY 2003 CIP includes \$12.8 million to fund the planned expansion and renovation of the George Washington Middle School.
- The FY 2003 CIP includes \$6.8 million for various school expansion, renovation and improvement projects system-wide.

CAPITAL IMPROVEMENT PROGRAM

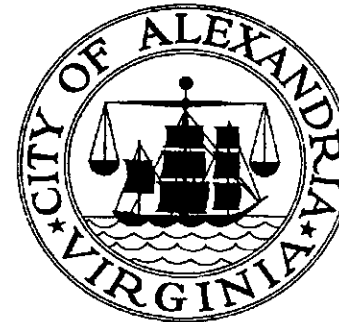
The City of Alexandria's Capital Improvement Program is a comprehensive plan which identifies the City's future infrastructure needs and the corresponding funding required to meet those needs. The entire six year CIP totals \$183.6 million in City funding for public improvements for the City and the Alexandria City Public Schools. The CIP includes \$86.7 million (19.6 million in FY 2003) for the Schools.

Funding of the CIP continues with \$54.4 million programmed for FY 2003. Highlights of the CIP in FY 2003 include:

- \$6.8 million to continue to correct the infiltration and inflow conditions in the City's sanitary sewer system, and to make other improvements to this system.
- \$3.0 million to provide additional, necessary funds for the planned relocation of the Health Department.
- \$4.4 million in information technology investments.
- \$5.0 million - \$1.0 million in local funding and \$4.0 million in State Urban Funds - is included for the region's Metrobus and Metrorail systems and for the City's DASH bus system. City capital contributions for transit needs are expected to ramp up to much higher levels in future years.
- \$1.4 million for parks and recreation facilities throughout the City.

FINANCIAL MANAGEMENT

The City has been served well by Council's adherence over the years to the City's Financial Policy Guidelines. This discipline has played a significant role in enabling the City to obtain and retain our AAA bond ratings.



To view the City of Alexandria's budget via the World Wide Web go to ci.alexandria.va.us

FY 2003 PROPOSED SUMMARY

FY 2003 Projected Revenues:

- FY 2003 General Fund revenues are projected at \$363.5 million, which represents a 4.8% increase from FY 2002. To provide sufficient resources to balance the FY 2003 budget, \$9.8 million in FY 2002 surplus revenues, underexpenditures, and capital savings are proposed to be utilized. As a result, a total of \$373.3 million is available to support the proposed City and Schools General Fund expenditures.
- Real estate tax revenues are projected at \$177.9 million for FY 2003. This reflects both the recommended 2-cent real estate tax rate decrease and the overall 11.2% increase in the 2002 real estate tax base. This tax base includes:
 - (a) A 15.3% increase in the average assessment of existing residential homes, including a 14.8% increase in the average assessment of existing single family homes and a 17.2% increase in the average assessment of existing condominiums;
 - (b) A 1.6% increase in the average assessment of existing non-residential commercial properties; and
 - (c) An addition of \$315.3 million in new construction, 33% of which stems from new residential construction and 67% from new commercial construction.
- Revenue from personal property taxes, which accounts for 14%, or \$52.5 million, of the projected General Fund revenue, is estimated to increase by 5.6% in FY 2003. All other sources of local tax revenue, including local sales, transient lodging, restaurant meals, utility and business license taxes, are projected to increase by only 1.9% in FY 2003, to an estimated total of \$84.8 million, or 23% of the total projected revenue.

FY 2003 Proposed Expenditures:

- The FY 2003 proposed General Fund budget of \$373.3 million, a 6.6% increase over the FY 2002 budget, contains only a few major expenditure increases, primarily in salaries and benefits, debt service, cash capital contributions, and public safety initiatives.
- The Operating Budget requested by the School Board is fully funded at \$114.9 million.
- The proposed budget includes a \$14 million cash contribution to the CIP (up \$2 million from FY 2002) and \$17.7 million for capital-related debt service (up \$1.5 million from FY 2002). This funding helps to ensure that, despite the slowing economy and reduced revenue projections, our efforts to maintain and improve the City's basic infrastructure do not slide.
- The proposed budget recommends a 2.5% Cost of Living Adjustment (COLA), at a cost of \$3.8 million, for all City employees and a 2.5% COLA for School employees at a cost of \$2.6 million.
- The proposed budget includes \$1.5 million in contingent reserves to help offset the expected reductions in State aid to the City government and the Schools.
- The terrorists attacks on September 11, the subsequent incarceration of suspected terrorists and their federal trials in Alexandria, and, more generally, the City's growing resident and daytime worker population have prompted increased funding in the public safety area.
- The proposed budget continues the Council's commitment to affordable housing.
- An essential goal of this year's budget preparation process was to avoid any reduction in, or other compromises to, the funding of the CIP.